

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL**  
**Gaming Policy and Enforcement Branch**  
**BRIEFING NOTE**

**PREPARED FOR:** The Honourable Rich Coleman, Minister Energy and Mines  
**FOR INFORMATION**

**ISSUE:**

BC horse racing public engagement strategy

**BACKGROUND:**

Since 2004, the Province has provided the BC horse racing industry with discretionary grants based on 15.5% of monthly revenue generated by slot machines co-located at Hastings Park and Fraser Downs, the two predominant race tracks.

In 2009 the horse racing industry requested the intervention of the provincial government to stabilize and revitalize racing in BC. Under the direction of the Honourable Rich Coleman, then Minister of Public Safety and Solicitor General ('PSSG'), the BC Horse Racing Industry Management Committee (HRIMC) was formed in late 2009 with the full authority to provide strategic direction, decision-making, and business leadership to the horse racing industry with the aim of revitalizing the industry. This included a government grant commitment of \$10 million (including the 15.5% slot revenue) for 2011/12.

With revenues continuing to decline over the 2010 and 2011 seasons, and centralized business leadership, financial management and marketing now in place, the Committee's priority is to develop a new and sustainable business model for the BC racing industry.

**DISCUSSION:**

Though the Committee consulted extensively with industry associations in building the industry's financial model and marketing plan, building a new business model and confidence in BC racing requires broader stakeholder engagement. The Committee is therefore planning to have separate, public consultations with the following groups:

- Industry associations
- Owners
- Breeders
- Trainers/grooms/veterinarians/jockeys
- Bettors
- Track operator

- City of Surrey
- City of Vancouver
- Interior Horse Racing Association

The consultations will focus on evaluating the feasibility of potential options (duo track, circuit racing etc.) and new ideas for enhancing the sustainability of the industry. As a final step the Committee will hold a 'town hall' style public meeting with all stakeholders to review its draft business model before decisions are finalized.

**Prepared by:**

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**Approved by:**

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
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**MINISTRY OF ENERGY AND MINES  
GAMING POLICY AND ENFORCEMENT BRANCH  
BRIEFING NOTE**

**TOPIC:** Responsible and Problem Gambling Program Deficit

**PURPOSE OF NOTE:**

- ONLY FOR THE INFORMATION OF: Minister Rich Coleman
- MEETING REQUIRED: Yes

**ISSUE:**

The Responsible and Problem Gambling (RPG) program has been operating with a structural deficit since 2008/2009 when its budget was reduced by \$2.38M. The Gaming Policy and Enforcement Branch (GPEB) continued to deliver responsible gambling services – offsetting the RPG program pressures in other areas of the Branch. For Fiscal 2011/12, the RPG program had a deficit of \$1.25M with GPEB managing most of the deficit internally with the exception of \$518,000. Treasury Board granted \$500,000 to GPEB for this fiscal

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**Responsible and Problem Gambling Program:**

- The table below indicates the budget for the Responsible and Problem Gambling Program:

<u>Fiscal Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Deficit</u>
2007/08	\$7.00M		
2008/09	\$7.00M		
2009/10	\$4.62M		
2010/11	\$4.46M		
2011/12	\$4.45M		

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- The high profile nature of gambling in the province, and the significant revenues derived from gambling, requires that core problem gambling programs and services are available to British Columbians. Government has publicly committed that counselling services for gambling would be available to everyone who needs them, without waitlists.
- The budget loss of \$2.38 million to the RPG program in 2009/10 meant the program could maintain only minimal staff and contractors in both the prevention and clinical streams. No budget was available for research or public information campaigns. Maintaining this level of service meant incurring a deficit by GPEB.
- In 2011/12, GPEB incurred a number of above-budget costs including delivery of the Responsible and Problem Gambling Program, absorption of decentralized IT costs, banking charges, s.17 . In total, these pressures  
s.17 Through vacancy management, s.17

able to reduce this pressure to an <sup>s.17</sup>

the branch was

<sup>s.17</sup>

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<sup>s.13, s.17</sup>

**PREPARED BY:**

Michele Jaggi-Smith  
250 387 0201

Date: April 13, 2012

**Approved by:**

Douglas S. Scott  
Assistant Deputy Minister

Date: April 13, 2012

**MINISTRY OF ENERGY AND MINES  
Gaming Policy and Enforcement Branch  
INFORMATION NOTE**

**TOPIC:**

BCLC interceptions of lottery prize wins under the Family Maintenance Enforcement Act Regulation

**PURPOSE OF NOTE:**

FOR INFORMATION: Minister Rich Coleman

**ISSUE:**

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**EXECUTIVE SUMMARY:**

In May 2007, the *Family Maintenance Enforcement Act* (FMEA) was amended to provide for interception of BCLC lottery prize claims for failure to pay family support in British Columbia.

In October 2011, the Regulation was amended to establish a minimum prize claim threshold of \$10K or above for lottery prize interceptions.

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on February 17, 2012.

The AG will be briefed on this topic

The Ministry of Attorney General will discuss its recommendation with BCLC *after* the AG has been briefed and approval has been given.

A secure web portal has been developed by MAG for the exchange of personal information between the Director and BCLC, to ensure that claims are properly identified and cross-referenced to Family Maintenance Enforcement Program (FMEP) cases with outstanding arrears.

Many Canadian support enforcement programs, including Alberta and Ontario, attach lottery prize claims where a payor is in default of a child support obligation. In these Provinces, lottery prize claims of \$1,000 or above are intercepted and attached.

BCLC's business case estimates that \$150K or more may be intercepted through this provision annually. Although this is based on the lowest possible prize claim amount, BCLC's estimate is generally consistent with annual interception rates in Ontario and Alberta.

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### **IMPACT ON OTHER MINISTRIES OR BRANCHES:**

BCLC was consulted throughout the legislative process to develop policies and procedures for the interception of lottery prize claims;

Ministry of Citizens' Services, Office of the Chief Information Officer and the Information and Privacy Commissioner for British Columbia were also consulted to ensure privacy impact strategies were consistent with government standards.

### **ANALYSIS:**

- Assuming BCLC estimates for interception and collection of prize claims are accurate (approximately \$150K per year), the recovered amounts would warrant implementation based on the three public policy objectives: a benefit to families, improved confidence in the justice system, and an additional cost offset to government where child support recipients are also in receipt of income assistance.
- BCLC cites a number of other potential risks. For example, the risk of privacy breaches, claimants transferring their tickets to family members or friends to claim, and/or a drop in ticket sales, which may add direct and/or indirect costs for BCLC.
- As part of MAG's privacy breach risk management strategy, BCLC and FMEP will operate under a Memorandum of Understanding (MOU) restricting access s.15  
s.15 The MOU will be closely monitored and audited annually by FMEP.

**PREPARED BY:** Michele Jaggi-Smith  
Senior Policy Analyst  
250 387 0201

**DATE:** February 13, 2012

**MINISTRY OF ENERGY AND MINES  
Gaming Policy and Enforcement Branch  
INFORMATION NOTE**

**TOPIC:**

Amendments to the Gaming Control Act and Regulation in spring session 2012.

**PURPOSE OF NOTE:**

FOR INFORMATION: Minister Rich Coleman

**ISSUE:**

Minor amendments will be made to the Gaming Control Act and Regulation to enable the Ministry of Community, Sport and Cultural Development (CSCD) to fulfil its mandate to determine eligibility and approvals for the community gaming grant program.

**EXECUTIVE SUMMARY:**

- Key amendments to the Act and Regulation include:
  - Providing the Manager, Community Gaming Grants, CSCD, with full authority to determine organizational eligibility for a community gaming grant, and to approve grant payments to eligible organizations.
  - Enabling the Minister of Community, Sport and Cultural Development to issue written directives with regard to the community gaming grant program.
  - Requiring that the Minister of Community, Sport and Cultural Development report each year on grants awarded to community organizations.
- These amendments will be part of the 2012/13 budget bill.
- The OIC to amend the Regulation will go to Cabinet once the budget bill has been passed in the Legislature.
- Grants staff and administration remain with the Gaming Policy and Enforcement Branch.

**IMPACT ON OTHER MINISTRIES OR BRANCHES:**

GPEB has worked closely with legal counsel, Treasury Board staff, and CSCD to ensure the Gaming Control Act and Regulation is amended to enable CSCD to determine grant eligibility and approvals.

**PREPARED BY:** Sue Birge  
Executive Director, Policy  
250 387 3211

**DATE:** February 13, 2012

**CONFIDENTIAL  
ISSUES NOTE**

Ministry of Energy and Mines

Date: May 31, 2012

Minister Responsible: Rich Coleman

# Horse Racing Violations

**ISSUE:** Horse racing violations

## **SUGGESTED RESPONSES:**

- Horse racing in British Columbia is regulated under the Gaming Control Act and according to the Province's Rules of Thoroughbred & Standardbred Horse Racing.
- The rules cover, among other things, the running of the race, drug testing and the eligibility of horses, jockeys and drivers. The rules ensure horse racing is conducted fairly and with integrity.
- The Branch may suspend or cancel registration and/or a licence upon violation of the respective terms and conditions of horse racing rules and policies.
- All individuals who work in or provide services to the horse racing industry must be registered with, and licensed by, the Gaming Policy and Enforcement Branch.
- Registrants are required to submit to a background check, which includes but is not limited to a criminal record check and a credit check. The registration process must be successfully completed before a licence can be issued.
- Regulatory staff include judges and stewards, veterinarians, and investigators.
- The Gaming Policy and Enforcement Branch's budget for regulating the horse racing industry 2012/13 is \$1.9 million.

## **BACKGROUND**

- Rulings and Reconsiderations for Licensee Violations are reported on the branch website at: <http://www.pssg.gov.bc.ca/gaming/horse-racing/docs/rulings-and-reconsiderations-ytd.pdf>
- BC deceased horses statistics:
  - **Hastings 2012** (to May 28, 2012)
    - Training 2, Racing 3, Barn 0
  - **Hastings 2011**
    - Training 9, Racing 4, Barn 7
    - Racing fatalities were 1.06 per 1000 starts
    - Racing fatalities in thoroughbred industry (mainly U.S., 2010) on dirt tracks was 2.14 fatalities per 1000 starts
  - **Fraser Downs 2012** (to May 28, 2012)
    - Training 0, Racing 0, Barn 0



- **Fraser Downs 2011**

- Training 1, Racing 2 , Barn 0
- Racing fatalities are 0.31 fatalities / 1000 starts
- Standardbred industry standard (California, 2006 – 2010) is 0.09 fatalities per 1000 starts.

- There are two commercial horse race tracks in British Columbia (Vancouver and Surrey). There are also three community event tracks (Vernon, Princeton, Kamloops).
- Five thousand licensed owners, jockeys, drivers, trainers, grooms and exercise personnel participate in approximately 200 days of live racing in the province each year.
- The horse racing industry has an estimated economic impact of \$350 million and directly employs 3,600 people. More than 7,400 individuals derive an income from racing in full-time, part-time and casual employment.
- In the past several years, wagering at racetracks and teletheatres in B.C. has grossed approximately \$200 million a year, with 75 per cent of that coming from teletheatre wagering and 25 per cent from live horse racing. In 2011, this number decreased to \$171.6 million. Net earnings in 2011 amounted to \$46.65 million (including a government grant of \$6.75 million in 2009/2010).
- The branch established the Horse Racing Industry Management Committee in November 2009 to provide strategic direction, decision-making and business leadership to the horse racing industry in B.C., with the aim of revitalizing it. One specific goal is to bring innovation to live horse racing and attract new customers, particularly in the younger demographic. The B.C. Lottery Corporation is providing expertise to assist with this goal.

**CONFIDENTIAL  
ISSUES NOTE**

Ministry: Energy and Mines

Date: Mar. 2, 2012

Minister Responsible: Hon. Rich Coleman

## **Anonymous Letter to GPEB ADM**

### **SUGGESTED RESPONSE:**

- **The Gaming Policy and Enforcement Branch (GPEB) is responsible for ensuring the integrity of gaming in B.C. It monitors casino compliance with applicable provincial and federal laws, and investigates allegations of wrongdoing related to legal gaming.**
- **Under the Gaming Control Act, gaming facilities must report to GPEB all instances of real or suspected wrongdoing on their premises.**
- **GPEB investigators act with utmost professionalism when looking into these allegations.**

### **If asked:**

- **While this letter did not provide any timeframe or location details, GPEB has looked into the incident as described, and has found no files or reports that match or reference such a situation.**

### **About Casino Vouchers:**

- **Credits stored in casino vouchers have cash value, and are the legal property of the casino patron who originally purchased those credits.**
- **Using or cashing in a casino voucher belonging to someone else is equivalent to pocketing another person's cash. It is considered theft, and it must therefore be reported to GPEB.**
- **GPEB investigators do not broker agreements to get theft suspects to return the money to the voucher's owner.**

### **BACKGROUND:**

On February 27, Douglas S. Scott, ADM for the Gaming Policy and Enforcement Branch (GPEB), received an anonymous letter describing an incident involving the visit of a "GPEB policeman" to the home of an elderly woman to confront her about her alleged theft of a "slot machine slip." The letter, written by th s.22 described how the "GPEB policeman" had frightened her by telling her she had "committed a crime, and that she had to pay the money back."

The letter did not specify the location or date of the incident, nor did it include any information that could identify the GPEB investigator presumably involved. Staff of GPEB's Investigations Division have been approached about the matter, but none seemed to have knowledge or

memory of the incident.

The writer of the letter stated their intention to go to the media with this story.

The “slot machine slip” referred to in the letter is an IVS ticket—a voucher representing the dollar value of a slot machine player’s remaining credits and/or winnings. The player can choose to either cash out the value of their IVS ticket, or place the ticket in another machine to keep playing. The patron is considered to be the lawful owner of these credits.

On occasion, a casino patron may accidentally drop or leave their IVS ticket behind. It is considered theft to cash in or use another patron’s IVS ticket.

Gaming service providers report all IVS ticket thefts to GPEB. So far in 2011/12, the Branch has received approximately 600 such reports.

An investigation will follow these reports in cases where a suspect has been identified. If warranted, GPEB may report the incident to Crown Counsel, requesting that charges be laid. GPEB investigators do not broker civil agreements to have the money returned to the ticket’s rightful owner.

GPEB will not investigate IVS ticket thefts in cases where:

- the ticket or its monetary value is returned to its lawful owner before the patron who took it leaves the gaming facility,
- the offending patron cannot be identified, or
- the IVS ticket in question has a low monetary value.

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry: Energy and Mines**

**Date: Feb. 23, 2012**

**Minister Responsible: Hon. Rich Coleman**

## **Anti-money-laundering Strategy Update**

### **SUGGESTED RESPONSE:**

- **Money laundering is an issue worldwide for organizations that deal with large amounts of cash.**
- **In B.C., the Gaming Policy and Enforcement Branch and the B.C. Lottery Corporation remain vigilant about money laundering activity in gaming facilities and, in cooperation with the RCMP and local police, continue to deter and report such activity.**
- **To ensure we're doing everything we can to prevent these activities, the Province commissioned an independent review of anti-money-laundering measures in B.C. casinos in spring 2011.**
- **The findings were publicly released last August, revealing that the Province already has a robust anti-money-laundering regime in place.**
- **The review contained recommendations to further strengthen our anti-money-laundering efforts; GPEB and BCLC are working together to address these recommendations.**
- **The primary strategy focuses on moving the gaming industry away from cash transactions, by exploring alternatives such as electronic funds transfers. Work on this strategy will be ongoing through 2012/13, as it involves a significant culture shift in the industry.**

### **BACKGROUND:**

In spring 2011, the Province commissioned a review to examine current anti-money-laundering practices in B.C. gaming facilities. The review found that there already is a robust anti-money-laundering regime in place, and made recommendations on how to further improve this regime.

Based on these recommendations, GPEB is working closely with BCLC, the RCMP and FINTRAC to develop an enhanced anti-money-laundering strategy. Work to date includes:

- **Conducting interviews with other jurisdictions to identify innovative anti-money-laundering strategies and best practices.**
- **Developing initiatives to move the gaming industry away from being a cash-based business. Examples of such initiatives include:**
  - **Emphasizing the convenience of, and providing incentives for, establishing Patron Gaming Fund Accounts;**
  - **Expanding buy-in options (e.g., using debit cards) to provide alternatives to cash buy-ins;**
  - **Revising policies and procedures for issuing casino cheques.**

***Current anti-money-laundering measures in B.C. casinos***

- BCLC reviews all large cash transactions daily. Gaming staff receive mandatory anti-money-laundering training and must take a refresher course every two years.
- B.C. gambling facilities only issue cheques for verified wins, which means that players are unable to convert cash – other than winnings – into cheques.
- Players are not allowed to exchange small denomination bills for larger bills and cannot pass chips on the casino floor.
- When players cash out, they receive cash in the same denominations originally used to purchase casino chips.
- Casino chips cannot be redeemed at any facility other than where they were initially purchased.
- BCLC's Patron Gaming Fund Account program enables players to transfer funds from a Canadian banking institution. The patron can draw from these funds to play, which means less cash coming in, and leaving, casinos.

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**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Community, Sport and Cultural  
Development**

**Date: April 20, 2012**

**Minister Responsible: Minister Chong**

**Gaming audits  
politically  
motivated/timed?**

**ADVICE AND RECOMMENDED RESPONSE:**

- Audits of gaming grant and licence recipients are conducted by the Gaming Policy and Enforcement Branch under the authority of the Province's Gaming Control Act.
- Any charitable organization that receives a gaming grant or obtains a licence to conduct a gaming event could be audited.
- The branch makes every effort to coordinate each audit with the organization's business schedule.
- Audits help to maintain the integrity of gaming activities in British Columbia and help to ensure that all grant recipients and gaming event licensees adhere to provincial standards.

**KEY FACTS REGARDING THE ISSUE:**

- Two Opposition MLAs and the Alliance for Arts and Culture (on behalf of an unknown arts group) wonder whether the Gaming Policy and Enforcement Branch's audits—the audits' timing and/or target—are politically motivated.
- GPEB received inquiries on April 19 and 20, 2012, from MLAs Kwan and Chandra-Herbert and the Alliance's Rob Gloor.
- Mr. Gloor cited similar concerns voiced by an unnamed arts organization whose representative has been critical of grant cutbacks to arts and culture groups and who thinks that as a result the unnamed organization has been singled out, not only to be audited but to be significantly inconvenienced by the timing of the audit—during their largest project of the year. The unnamed representative is concerned that she can't request the audit be delayed by a couple of weeks to allow for the project to be completed.
- The branch's Audit and Compliance Division uses a risk-based approach and audit selection criteria to determine which charitable organizations will be selected for an audit each year. These criteria include the value of grants and licences obtained by an organization and any previous audit results. An organization may be selected for an audit as a result of a complaint made by a member of the public, or at the request of our Licensing and Grants Division.
- When an organization is selected for an audit, an auditor will make contact to arrange an appointment at a mutually-convenient time to conduct the audit or arrange a scheduled date for receipt of the organization's gaming records to conduct a desk-style audit.

**Communications Contact:**

Rick Caulfield 250-387-3948  
(usually Gloria Mendez  
250-356-6383)

**Program Area Contacts:**

Ursula Cowland (grants)  
250-356-2975

Terri Van Sleuwen (audit)  
604-660-0274

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File Created: Apr 20, 2012

File Updated:

Comm. Director	Program Area	ADM	Deputy Minister	Minister's Office	CC:



**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Energy and Mines**

**Date: April 20, 2012**

**Minister Responsible: Minister Coleman**

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File Created: Apr 20, 2012

File Updated:

Comm. Director	Program Area	ADM	Deputy Minister	Minister's Office	CC:

**CONFIDENTIAL  
ISSUES NOTE**

**Ministries: Energy and Mines  
Community, Sport and Cultural  
Development**

**Date: April 26, 2012**

**Ministers Responsible: Hon. Rich Coleman  
Hon. Ida Chong**

## **Community Gaming Account Frozen in Kelowna**

### **SUGGESTED RESPONSE:**

- **A recent audit conducted by the Gaming Policy and Enforcement Branch (GPEB) has found a number of financial discrepancies in the the Kalano Club of Kelowna's use of gaming grant funds.**
- **These discrepancies pointed towards several violations under the Gaming Control Act and the Conditions for Community Gaming Grants.**
- **As a result, under the authority of the Gaming Control Act, GPEB has frozen the organization's gaming account.**
- **The Kalano Club of Kelowna is registered as a charitable organization that provides support to individuals with alcohol addiction. As such, it was eligible to apply for a community gaming grant under the human and social services sector.**
- **As part of its mandate to ensure the integrity of gaming in British Columbia, GPEB regularly conducts audits of grant recipients to make sure that gaming funds are used appropriately.**

### **BACKGROUND:**

A community gaming grant for \$25,000 was issued to the Kalano Club of Kelowna on February 24, 2012.

A board member of the Kalano Club of Kelowna recently stepped down from the Board due to concerns of financial impropriety and contacted the Gaming Policy and Enforcement Branch (GPEB).

An audit by GPEB's Audit and Compliance division initiated a financial audit with the Kalano Club of Kelowna.

The Kalano Club of Kelowna has only three board members at this time:

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have signing authority.

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All three board members

s.22

s.22

The auditor found a number of financial discrepancies that contravene the Conditions for Community Gaming Grant and the Gaming Control Act, including:

1. A cheque made to 'cash' to the President - Contravention of *Condition 21* of the *Conditions for Community Gaming Grant*;
2. Inadequate supporting documents for gaming account cheques – Contravention of *Condition 20(c)* of the *Conditions for Community Gaming Grant*;
3. The Kalano Club of Kelowna failed to comply with a request for additional financial records - Contravention of the *Gaming Control Act*, Section 78(2);
4. The Kalano Club of Kelowna dispersed gaming funds for ineligible costs not related to the direct delivery of the approved program - Contravention of *Condition Section 8(a)* of the *Conditions for Community Gaming Grant*;
5. The Kalano Club of Kelowna failed to submit the Gaming Account Summary Report for the fiscal year ending December 31, 2011 - Contravention of *Condition 22* of the *Conditions for Community Gaming Grant*; and
6. The Kalano Club of Kelowna allowed a signing officer to authorize a cheque for which he was the payee - Contravention of *Condition 20(f)* of the *Conditions for Community Gaming Grant*.

An order pursuant to Section 83 of the Gaming Control Act was issued to the Interior Savings Credit Union in the City of Kelowna, to hold in trust all assets and accounts of the Kalano Club.

GPEB's Audit and Compliance division will refer the matter to GPEB's Investigations and Regional Operations Division.

**CONFIDENTIAL  
ISSUES NOTE**

**Ministries: Energy and Mines  
Community, Sport and Cultural  
Development**

**Date: April 26, 2012; UPDATED May 3, 2012**

**Ministers Responsible: Hon. Rich Coleman  
Hon. Ida Chong**

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### **SUGGESTED RESPONSE:**

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- **These discrepancies pointed towards several violations under the Gaming Control Act and the Conditions for Community Gaming Grants.**
- **As a result, under the authority of the Gaming Control Act, GPEB has frozen the organization's gaming account. The board president has been notified, in writing, of this action.**
- **The Kalano Club of Kelowna is registered as a charitable organization that provides support to individuals with alcohol addiction. As such, it was eligible to apply for a community gaming grant under the human and social services sector.**
- **As part of its mandate to ensure the integrity of gaming in British Columbia, GPEB regularly conducts audits of grant recipients to make sure that gaming funds are used appropriately.**

### **If asked:**

- **It is GPEB's understanding that the Kalano Club board is currently undergoing some changes.**
- **With this in mind, GPEB will resend a notification to the new board, informing/reminding them their gaming account has been frozen under the authority of the Gaming Control Act.**

## BACKGROUND:

A community gaming grant for \$25,000 was issued to the Kalano Club of Kelowna on February 24, 2012.

A board member of the Kalano Club of Kelowna recently stepped down from the Board due to concerns about financial impropriety, and contacted the Gaming Policy and Enforcement Branch (GPEB).

As a result, GPEB's Audit and Compliance division initiated a financial audit of the organization, and found a number of financial discrepancies that contravene the Conditions for Community Gaming Grant and the Gaming Control Act, including:

1. A cheque made to 'cash' to the President - Contravention of *Condition 21* of the *Conditions for Community Gaming Grant*;
2. Inadequate supporting documents for gaming account cheques – Contravention of *Condition 20(c)* of the *Conditions for Community Gaming Grant*;
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An order pursuant to Section 83 of the Gaming Control Act was issued to the Interior Savings Credit Union in the City of Kelowna, to hold in trust all assets and accounts of the Kalano Club. The board president was informed in writing.

At the time of the audit, the Kalano Club of Kelowna had only three board members: s.22

members had signing authority, s.22 All three

s.22

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s.22 has since tendered his resignation.

On Sunday, April 29, 2012, Kalano Club members held an emergency meeting to elect a new board. GPEB has not yet been informed if this attempt was successful. The new board will need to provide any additional records that may still be needed to complete the audit. GPEB will resend the new board the notification that their gaming account has been frozen.

Once the audit has been completed, GPEB's Audit and Compliance division will refer the matter to GPEB's Investigations and Regional Operations Division.

## **ISSUES NOTE**

**Gaming and Policy Enforcement  
Branch**

**Date:** March 30, 2012

**Minister Responsible:** Rich Coleman

# **Kamloops Ford Lincoln raffle licence**

### **SUGGESTED RESPONSE:**

- **Under the Gaming Control Act, licensed gaming events, such as raffles and 50/50 draws, must adhere to specific standards.**
- **When considering a gaming licence application, GPEB staff do their best to guide applicants through the process, while at the same time ensuring that gaming events are conducted appropriately.**
- **In addition to issuing licences for raffles and other gaming events, GPEB conducts random audits to ensure the fairness and legality of these events.**
- **It is the responsibility of the applicant to ensure that they have read and understood all the guidelines, policies and standards outlined in their gaming licence agreement; they accept this responsibility by signing the application form.**
- **GPEB issues over 8,000 gaming licences a year for organizations wishing to raise charitable funds.**

### **BACKGROUND:**

In August 2011, Kamloops Ford Lincoln contacted the Gaming Policy and Enforcement Branch (GPEB) to apply for a Class B gaming event license to conduct a raffle to benefit the Kamloops Hospice. Class B licences are issued for charitable gaming events expected to bring in up to \$20,000 in gross revenue.

Under the Gaming Control Act, raffles must span a maximum of six months, from the beginning of ticket sales to the draw. A licence was provided for sales to begin October 1, 2011 and the draw date to be April 1, 2012, the last date permitted.

Ticket sales began as planned on October 1, 2011. In February 2012, the applicant requested an extension to the draw date, which was denied. The applicant filed for a reconsideration of this decision, which also was denied.

The applicant advertised the draw date as sometime in May 2012, whereupon GPEB audited the file, and found, besides, other points of non-compliance. These were addressed, with the exception of the applicant's wish to conduct the draw in May.



The draw will take place as required on Sunday, April 1. However, the applicant has stated his intention to go to the media with his side of the story, painting GPEB staff as “rude and unhelpful” during the initial application period.

Communications Contact:

Program Area Contact: **Ursula Cowland**

s.17

File Created: March 30, 2012

File Updated:

Comm. Director	Program Area	ADM	Deputy Minister	Minister's Office	CC:

**CONFIDENTIAL  
ISSUES NOTE**

Ministry: Energy and Mines

Date: Mar 2, 2012 **UPDATED Mar. 5, 2012**

Minister Responsible: Hon. Rich Coleman

## **Patron Followed After Leaving Cascades Casino**

### **SUGGESTED RESPONSE:**

- **The Gaming Policy and Enforcement Branch (GPEB) investigates allegations of wrongdoing in gaming facilities.**
- **GPEB investigators have been in touch with Surrey RCMP and will continue to assist them in their investigations in any possible way.**
- **As long as this is still under investigation, I cannot comment on the particulars of the incident.**

### **Current alternatives to cash in casinos:**

- **There are a number of options in place at B.C. casinos to provide patrons with a safe way to collect their winnings.**
- **For example, casinos issue cheques for verified wins, while the Patron Gaming Fund Account program enables players to transfer funds from and to a Canadian banking institution.**
- **We are also working on new ways to move the gaming industry away from cash transactions, by exploring alternatives such as electronic funds transfer.**
- **While this was initiated in the context of our Anti-money-laundering Strategy, it will also help keep patrons safe by preventing them from leaving the casino with large sums of cash.**

### **BACKGROUND:**

In the evening of March 1, 2012, a man won a s.22 bad beat poker jackpot at the Cascades Casino in Langley. He received a verified win cheque for s.22 and the difference in cash, and left the casino at 1:00 a.m. (March 2). An hour later, Surrey RCMP notified the casino that the man had been robbed in Surrey. On March 4, Surrey RCMP informed GPEB investigators that **no actual robbery took place**, but that the patron in question stated that he had been followed from the casino, managed to flee his pursuers, and proceeded to call the police.

The police investigation is ongoing. GPEB investigators will continue to monitor the situation and assist the police in any possible way.

**CONFIDENTIAL  
ISSUES NOTE**

Ministry of Energy and Mines

Date: Feb 24, 2012

Minister Responsible: Hon. Rich Coleman

**Lottery Retailer  
Undercover  
Investigation – FEB.  
UPDATE**

**SUGGESTED RESPONSES:**

- **The Gaming Policy and Enforcement Branch (GPEB), with assistance from the B.C. Lottery Corporation (BCLC) and local authorities, works to ensure the integrity of gaming and consumer protection.**
- **GPEB investigates allegations of wrongdoing in legal gaming and checks lottery retailer compliance with applicable regulations and laws.**
- **Lottery retailers in this province must complete training provided by BCLC.**

**If asked:**

- **A recent undercover investigation led by GPEB, with the assistance of BCLC, has led to charges being laid against an employee of a lottery retailer in Fort St. John.**
- **It is important to note that this individual was not a GPEB- registered lottery retailer; he was just an employee in the establishment.**
- **To protect and ensure the integrity of gaming, the registered retailer was also investigated. This investigation yielded no evidence of the retailer's involvement in (or knowledge of) their employee's actions.**
- **The overall undercover investigation is still ongoing and I cannot provide further details.**

**BACKGROUND:**

GPEB's Investigations and Regional Operations Division has been carrying out an undercover investigation into lottery retailer theft of winning lottery tickets across the province. This investigation is being conducted with the knowledge and support of BCLC and local authorities.

As part of the investigation, GPEB conducted interviews involving three lottery retailer outlets. This, in turn, led to charges against an employee of a lottery retailer in Fort St. John. The employee, s.22 was charged on s.15 of the Criminal code of Canada s.15 for allegedly stealing a s.15 rom its owner while at work. A court date has yet to be set.

In the two other cases, GPEB investigators, with the assistance of local police forces, have gathered enough evidence to recommend theft and fraud charges to Crown Counsel.

As a further result of this provincewide investigation, on Jan. 19, 2012, BCLC removed all lottery products and terminals from a Lower Mainland retailer. GPEB cancelled the retailer's gaming registration immediately. This investigation is ongoing.

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry: Energy and Mines**

**Date: Mar. 28, 2012**

**Minister Responsible: Hon. Rich Coleman**

## **PlayNow.com credit card fraud and identity theft**

### **SUGGESTED RESPONSE:**

- **GPEB investigators will continue to cooperate with and assist the RCMP in their investigations.**
- **BCLC acted promptly, notifying GPEB as soon as this situation was identified.**
- **I cannot comment further, as this matter is still under investigation.**
- **GPEB investigates all instances of wrongdoing and suspicious activities related to gaming in B.C.**

### **BACKGROUND:**

On March 16, BCLC notified GPEB investigators of suspicious activity observed on the PlayNow.com website. The incident involved an account holder making a suspicious request regarding the credit card listed on his PlayNow.com account.

Since then, BCLC and GPEB investigators have identified over 100 cases in which suspicious or fraudulent cred cards have been used to open or attempt to open PlayNow.com accounts.

s.15, s.16

There has been no media involvement or interest at this time.

**CONFIDENTIAL  
ISSUES NOTE**

Ministry: Energy and Mines

Date: March 15, 2012

Minister Responsible: Hon. Rich Coleman

**GPEB RFQ posting:  
Problem Gambling  
Counsellor (Richmond)**

**SUGGESTED RESPONSE:**

- GPEB is issuing a request for qualified practitioners to provide problem gambling clinical counselling to serve the Richmond area.
- The posting comes as a result of the Branch's recent decision to not renew its problem gambling prevention and treatment contract with Richmond Addictions Services Society (RASS).
- To ensure uninterrupted access to problem gambling treatment in the area, existing qualified counsellors will be available to Richmond residents until the RFQ is completed and a contract is signed.
- GPEB already has new service providers in place to offer prevention programs and services in Richmond when RASS's contract expires.

**RASS non-renewal of contract:**

- RASS recently informed the Gaming Branch that they would be unable to continue delivering problem gambling prevention and treatment services under the current payment terms of their contract.
- As a result, the Branch will not renew their contract when it expires at the end of March.
- There will be no service gaps as a result of this situation.

**About Richmond's Chinese community (if asked):**

- The Province is aware of the unique language and cultural needs of the Richmond community.
- Successful RFQ applicants must be bilingual in English and Cantonese and/or Mandarin.
- If necessary, interpreters are always available to all of the Province's contracted problem gambling counsellors.

## BACKGROUND:

On March 23, The Gaming Policy and Enforcement Branch (GPEB) will post an RFQ for qualified clinical counsellors to provide problem counselling services in the Richmond area. To properly serve Richmond's unique population, successful applicants must be bilingual (English-Mandarin and/or Cantonese).

The posting comes in response to GPEB's recent decision to not renew its long-standing contract with Richmond Addictions Services Society (RASS) when it expires at the end of March.

GPEB's decision came about after RASS informed GPEB that they would not be able to continue to deliver services under the current payment terms of their contract. Other reasons to back this decision include:

- In 2008, GPEB informed its contracted service providers that by April 1, 2012, problem gambling counsellors must have at least a Masters in counselling to be part of the program. s.22
- s.22
- RAS has historically and significantly under-utilized both their clinical and prevention contracts. This issue has been raised with the agency on a number of occasions, without success.
- RASS's approach under the current executive director is not a good fit with GPEB's gaming-neutral and harm reduction approach to problem gambling prevention and treatment.

**CONFIDENTIAL  
ISSUES NOTE**

Ministry: Energy and Mines  
Date: March 15, 2012 **UPDATE: April 13, 2012**  
Minister Responsible: Hon. Rich Coleman

**GPEB RFQ posting:  
Problem Gambling  
Counsellor (Richmond)**

**SUGGESTED RESPONSE:**

- GPEB is issuing a request for qualified practitioners to provide problem gambling clinical counselling services in Richmond.
- There are problem gambling counsellors and prevention specialists all over the province; British Columbians who need help can access it when and where they need it.
- To make this possible, GPEB maintains lists of qualified service providers across B.C., and routinely issue region-specific RFQs to keep these lists up to date and ensure there aren't any service gaps due to movement within the program.

**IF ASKED:**

**Richmond's Chinese community:**

- The Province is aware of the unique language and cultural needs of the Richmond community.
- Successful RFQ applicants must be bilingual in English and Cantonese and/or Mandarin.
- If necessary, interpreters are always available to all of the Province's contracted problem gambling counsellors.

**RASS's contract:**

- RASS recently informed GPEB that they would be unable to continue delivering problem gambling prevention and treatment services under the current payment terms of their contract.
- s.22
- Given these circumstances, GPEB initially decided to not renew RASS's prevention or treatment contracts when they expired on March 31.
- Because of its long-standing relationship with RASS, GPEB is granting the agency a 90-day extension for their problem gambling counsellor



## BACKGROUND:

RAS is on contract with GPEB's Responsible and Problem Gambling Program to provide responsible and problem gambling education, prevention and counselling services to Richmond residents.

RAS recently stated they need more funding to deliver these services. GPEB reviewed their contract and concluded that the problem was not related to the funding formula, but to RAS's poor management of their contract (i.e., the organization pays full-time wages to staff who are in an under-utilized fee-for-service contract).

In addition, in 2008, GPEB upgraded its minimum academic qualifications for clinical counsellors. Program counsellors must now have at least a Masters level degree in counselling from an accredited institution and be in good standing with their professional association. All counsellors not meeting these professional qualifications were given four years to upgrade their credentials.

s.22

s.22 This has resulted in fewer referrals sent to RAS, since GPEB has been using a screening and referral system to ensure that high-risk clients are sent to fully qualified counsellors.

RAS's current contract expires on March 31, 2012. GPEB has decided not to renew this contract, mainly due to the following:

- RAS has historically and significantly under-utilized both their clinical and prevention contracts. While the clinical contract relies somewhat on referrals, the prevention contract is self-directed and depends solely on the service provider's initiative to get out into the community to offer responsible gambling education and information about clinical services. This issue has been raised with the agency on a number of occasions, without success.
- Two years ago, RAS hired a new executive director, which resulted in some changes to their philosophy and approach to problem gambling prevention and treatment. This new approach is not a good fit with GPEB's gaming neutral and harm reduction approach to problem gambling prevention and treatment.

RAS requested that GPEB consider RAS staff for independent contracts. GPEB has agreed to do so for prevention staff, and will contract a new clinical counselor in Richmond as soon as possible.

Responsible and Problem Gambling Program staff have been in touch with SUCCESS, a multi-service agency providing support and assistance to the Asian community, to see whether problem gambling counselling and prevention services can be delivered through that agency. **Success has stated that they will submit an application to deliver these services when it is posted.**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry: Energy and Mines**

**Date: Feb. 22, 2012**

**Minister Responsible: Hon. Rich Coleman**

**Richmond Addiction  
Services(RAS):  
Contract Non-renewal**

**SUGGESTED RESPONSE:**

- **B.C.'s Responsible and Problem Gambling Program provides prevention and counselling services for those struggling with a gambling problem, or that of a loved one.**
- **Both counselling and prevention services are contracted on a fee-for-service basis.**
- **For many years, Richmond Addiction Services (RAS) has been on contract with GPEB to provide prevention and treatment services in the City of Richmond. Their current contract expires on March 31.**
- **RAS recently advised GPEB that the agency could no longer provide these services under the current fee-for-service model. They requested additional funding.**
- **After reviewing the agency's situation, GPEB has determined the problem stems from RAS's poor management of its contract, whereby they utilize only 60 to 75 per cent of their clinical contract dollars under fee for service, yet pay full-time wages to their staff. This has been an ongoing issue.**
- **Because of these concerns, GPEB will not be renewing RAS's contract.**
- **The termination of this contract will not result in service gaps—GPEB will contract with a new counsellor in Richmond as soon as possible. In the meantime, other counsellors will be available to residents in the area.**

**BACKGROUND:**

RAS is on contract with GPEB's Responsible and Problem Gambling Program to provide responsible and problem gambling education, prevention and counselling services to Richmond residents.

RAS recently stated they need more funding to deliver these services. GPEB reviewed their contract and concluded that the problem was not related to the funding formula, but to RAS's poor management of their contract (i.e., the organization pays full-time wages to staff who are in an under-utilized fee-for-service contract).

In addition, in 2008, GPEB upgraded its minimum academic qualifications for clinical counsellors. Program counsellors must now have at least a Masters level degree in counselling from an accredited institution and be in good standing with their professional association. All counsellors not meeting these professional qualifications were given four years to upgrade their credentials.

The counsellor at RAS does not meet these minimum qualifications and has not upgraded his credentials. This has resulted in fewer referrals sent to RAS, since GPEB has been using a screening and referral system to ensure that high-risk clients are sent to fully qualified counsellors.

RAS's current contract expires on March 31, 2012. GPEB has decided not to renew this contract, mainly due to the following:

- RAS has historically and significantly under-utilized both their clinical and prevention contracts. While the clinical contract relies somewhat on referrals, the prevention contract is self-directed and depends solely on the service provider's initiative to get out into the community to offer responsible gambling education and information about clinical services. This issue has been raised with the agency on a number of occasions, without success.
- Two years ago, RAS hired a new executive director, which resulted in some changes to their philosophy and approach to problem gambling prevention and treatment. This new approach is not a good fit with GPEB's gaming neutral and harm reduction approach to problem gambling prevention and treatment.

RAS requested that GPEB consider RAS staff for independent contracts. GPEB has agreed to do so for prevention staff, and will contract a new clinical counselor in Richmond as soon as possible.

Responsible and Problem Gambling Program staff have been in touch with SUCCESS, a multi-service agency providing support and assistance to the Asian community, to see whether problem gambling counselling and prevention services can be delivered through that agency. Discussions are currently ongoing.